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RESERVE BANK OF INDIA

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March 01, 2019

RBI introduces the Voluntary Retention Route for Investments by Foreign Portfolio Investors (FPIs) - Voluntary Retention Route

The [Statement on Development and Regulatory Policies in the Monetary Policy Statement dated October 05, 2018](#) had announced a separate scheme called 'Voluntary Retention Route' (VRR) to encourage Foreign Portfolio Investors (FPIs) to undertake long-term investments in Indian debt markets. Under this scheme, FPIs have been given greater operational flexibility in terms of instrument choices besides exemptions from certain regulatory requirements. A [discussion paper](#) on the VRR scheme was placed on the Reserve Bank's website for public consultation. Based on the feedback from the public and in consultation with Government of India, the scheme has been finalized and has been notified today, vide, [A.P. \(DIR Series\) Circular No. 21 dated March 1, 2019](#).

Investment under the VRR scheme shall be open for allotment from March 11, 2019. The details are as under:

- The aggregate investment limit shall be ₹40,000 crores for VRR-Govt and ₹35,000 crores for VRR-Corp.
- The minimum retention period shall be three years. During this period, FPIs shall maintain a minimum of 75% of the allocated amount in India.
- Investment limits shall be available on tap for investments and shall be allotted by Clearing Corporation of India Ltd. (CCIL) on 'first come first served' basis.
- The investment limits under the current tranche shall be kept open till the limits are exhausted or till April 30, 2019 whichever is earlier.
- FPIs desirous of investing may apply online to CCIL through their respective custodians.
- CCIL will separately notify the operational details of application and allotment.